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ILL. C. C. DOCKET NO. 020352
City of Pekin Exhibit No. 7.0

Witness _____

Date 5-21-03Reporter LP

109 book is full of examples of this strategy being used. We fully expected an exaggerated and
110 inflated value to be presented in our case and in the media..
111 ~~However, we are confident that the proposed valuation on which all of Illinois American's~~
112 ~~testimony is based is not what will be upheld in court.~~ The special use valuation method
113 used does not conform at all to the valuations used in American's recent acquisitions of
114 systems in Illinois. Joe Conner admitted in his press release, that the company did not use
115 Replacement Cost less Depreciation in those purchases, and noted to the area media that
116 those purchases involved "a willing buyer and a willing seller." That consideration, and that
117 standard, are consistent with Mr. Reilly's (Illinois-American witness) testimony of the
118 standard in value in an Illinois condemnation. The task force used Illinois-American
119 numbers, real numbers, and it was intentionally conservative with them. The bottom line
120 benefit results from the fact, as they indicated, that the city doesn't have to pay profits,
121 doesn't have to pay income taxes, can tap into various funding sources unavailable to private
122 enterprise, and need not provide a return on its capital investments. All this was recognized
123 and set forth by the task force and remains a solid foundation for acquisition today.

124 **Q. HOW ABOUT MR. RUCKMAN'S OTHER SPECIFIC ADJUSTMENTS?**

125 A. I strongly disagree with Mr. Ruckman's statement that the base-year manpower costs need
126 to be adjusted upward by \$160,000 to reflect five additional employees needed to operate the
127 Pekin system. The Task Force study noted synergies between operation of water and
128 wastewater systems that would likely reduce manpower requirements. However, those
129 reductions were not programmed into the pro forma statement, because the group wanted
130 their projections to be conservative. I believe that the only long term change to maintenance
31 staffing requirements would be a reduction, until there are significant increases in customer

HIERSTEIN REBUTTAL

199 detail, I wanted to address it from the perspective of the City's experience with compliance
200 issues. Every water supply has measurable quantities of elements that must be monitored.
201 Many of these elements, such as radon and nitrates, occur naturally. It is only when their
202 levels reach certain standards that they become hazardous. Even then, the methods of
203 dealing with the pollutants have general applications. There is standard equipment and
204 training to deal with those problems. We deal with those same types of standards on the
205 wastewater side, as they do on the water side. Our contractor's employees have to do the
206 same type of monitoring and reporting as water system employees. We deal with the same
207 regulatory agencies, and the other state and federal rules just as does Illinois-American.

208 **Q. MR. RUCKMAN ALLEGES THERE ARE SIGNIFICANT BENEFITS TO**
209 **REGIONAL CUSTOMER SERVICE, AS OPPOSED TO LOCAL SERVICE. DO**
210 **YOU AGREE?**

211 A. I take serious issue with this unsubstantiated claim. ~~We have heard from several customers~~
212 ~~who were placed on hold for over half an hour and gave up when they needed service.~~ Our
213 Fire Department, as indicated in our direct testimony, has suffered that kind of delay during
214 emergency operations. Not only has the service center not been staffed at a level that would
215 allow for prompt answering of calls, but it also suffers from the significant disadvantage of
216 personnel who have no direct knowledge of the area where service is needed. It is also
217 taking jobs out of the Pekin economy to the detriment of our community. Also, no one from
218 Illinois-American addressed the other enormous local benefits. These include the synergistic,
219 or holistic benefits from being able to negotiate with developers and large industrial
220 customers on a wide range of matters, including tax incentives, property incentives, and
221 utility service rates, all without the inclusion of a third party. There are time limit benefits,

HIERSTEIN REBUTTAL

267 campaign, a pittance compared to what Illinois-American spent to get its message across.

268 The voters knew what was at stake, and what was involved, and no amount of dissembling
269 about how there had been no sale to RWE, could hide the truth.

270 ~~The Pekin community is overwhelmingly behind acquisition of the water company.~~

271 As to Mr. Hillen's comments about the Task Force, Illinois-American was allowed to attend
272 many of the meetings, and in fact attended a majority of them. Only portions of a few
273 meetings were closed when the valuation issues were being reviewed. Subsequently, they
274 were specifically asked to review and critique the pro forma study prepared, and had only
275 limited comments, that I have previously touched upon.

276 As for his suggestions of my control and manipulation, or other City employees that
277 campaigned significantly, he is simply wrong.

278 It was a hotly contested issue, the City was outspent exponentially, ~~the public was aware of~~
279 ~~the issues and the facts, despite Illinois-American distortion, and they overwhelmingly are~~
280 ~~in support of the City's efforts to acquire their future by acquiring the City's water system.~~
281 ~~I think the voters ultimately understood that unless the City acquired the system, Pekin's~~
282 ~~water would be a small part in the corporate games and strategies of global corporations like~~
283 ~~Thames and RWE. The public is sophisticated enough to see through statements from~~
284 ~~Illinois-American like "there has been no change, and no sale" There has been enough~~
285 ~~corporate news coverage in the past several years to justify the Pekin public's decision that~~
286 ~~they didn't want to be a pawn in global water games. The stakes for their future, and their~~
287 ~~present, are too great, and I think they saw that.~~

288 Moreover, the bottom lines favor acquisition, as was made readily apparent in the elections.

89 Monies that are now going to profits, to New York, or England or Germany, will stay here

HERSTEIN REBUTAL

290 in Pekin. Taxes will not have to be paid, and the combination of the two will allow for
291 purchase of the system and substantial and critical reinvestment back into the system that is
292 not now occurring. In addition, jobs will stay here and be a part of the community. The City
293 did not gain over 60% support of its people on this issue because of any lack of
294 understanding. ~~The City gained the support because the population realized it was in their~~
295 ~~best interest to acquire the water system.~~

296 **Q. DO YOU HAVE ANY FURTHER TESTIMONY?**

297 A. No.